ANNUAL
REPORT
1999

Keeping Business Liquid

ACCORD
FINANCIAL CORP.

Incorporated in 1978, the company operates as an "old-line" factor specializing in credit protection and collection services. Offices and representatives are located in Toronto, Montreal and Vancouver. Major industries served are textiles, apparel and footwear. Clients are mostly Canadian and U.S. companies; one-third of total business is international in nature.

President: Mr. Mark Perna

MONTCAP FINANCIAL CORP. Formed in 1990 and acquired by Accord in 1992, the company offers factoring services through the purchase of receivables, as well as asset-based lending and purchase order financing. All clients are in Canada. A wide variety of industries is served including printing, packaging, food distribution, automotive, industrial products and apparel. Factoring for small and medium-sized businesses is the fastest growing area in financial services. FactorsCanada was created to develop a brand that is synonymous with this market. Montcap is a member of FactorsCanada and provides back-office processing infrastructure and credit guarantees. Montcap has offices and representatives in Montreal, Toronto, Calgary and Vancouver.

President: Mr. Fred Moss

J.T.A. FACTORS, INC. Started in 1977 and acquired by Accord in 1992, the company specializes in factoring services by purchasing receivables for cash from small and medium-sized U.S. companies. Major users are temp agencies, cable laying contractors, transportation, and industrial enterprises. FactorsUSA was created to assist smaller U.S. factoring companies in expanding the factoring market. J.T.A. is a member of FactorsUSA and provides financial support and other services. J.T.A. Factors' head office is in Greenville, South Carolina; other offices and representatives are in North Carolina, Virginia, Texas, Georgia, Illinois and Florida.

President: Ms. Tina deBondt

Accord was formed in 1992 to hold investments in factoring companies. Through a reverse take over, the company became public and began trading as Accord Financial Corp. on April 1, 1992.

Head office: Toronto, Ontario

President: Mr. Ken Hitzig

CORPORATE PROFILE

Through subsidiaries in Canada and the United States, Accord Financial Corp. provides superior factoring services to small and medium-sized companies, enabling them to grow and succeed. These companies are engaged in temporary staff services, cable contracting, technology services, textiles, apparel, food distribution, sporting goods, leisure products, transportation, footwear, floor coverings, home furnishings and industrial products.

Factoring services include financing, credit investigation, guarantees, receivables collection, and record-keeping.

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FINANCIAL HIGHLIGHTS

	1999	1998	1997
Operating Data for the years ended December 31 (in thousands of dollars except where indicated*)			
Factoring volume	$ 1,303,939	$ 1,096,810	$ 1,016,413
Gross revenue	26,144	20,275	19,672
Net earnings	6,184	4,765	4,524
Return on average shareholders' equity*	21.2%	18.7%	20.3%
Balance Sheet Data at December 31 (in thousands of dollars)			
Total assets	$ 62,342	$ 44,290	$ 31,972
Shareholders' equity	31,632	27,761	24,726
Common Stock Data (per share)			
Net earnings, basic	$ 0.66	$ 0.51	$ 0.46
Dividends paid	0.12	0.10	0.085
Share price- High	5.75	5.75	4.50
- Low	4.25	4.00	3.00
- Close, Dec. 31	5.50	4.30	4.15
Book value, Dec. 31	3.37	2.97	2.53

Accord Financial Corp.

believes that effective management

of receivables—liquidity—is one of

the keys to business success.

Working with clients to maximize

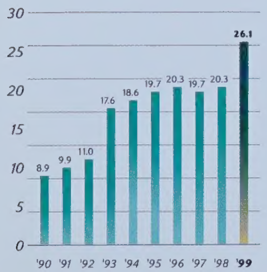
realization of their accounts receivable is

the main thrust of our services.

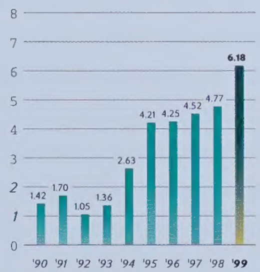
Keeping Business Liquid is

our primary goal.

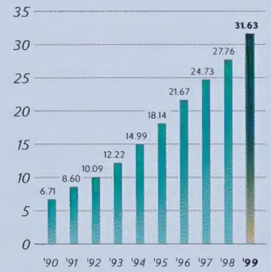
Revenue
(in millions of dollars)



Net Earnings
(in millions of dollars)



Shareholders' Equity
(in millions of dollars at December 31)



Letter to the Shareholders

"All our operating units turned in excellent results . . . with significant increases over the previous year. Our solid infrastructure and new initiatives should produce another strong year, and hopefully another record."

It is with great pleasure that I report to you on our 1999 results. Net earnings for the year were $6,183,866, an increase of almost 30% over the previous year. It was the seventh straight year of record results. Net earnings per share were 66 cents compared with 51 cents in 1998. There were slightly fewer shares outstanding in 1999 compared with 1998.

A number of initiatives were undertaken in 1998 and 1999 to boost factoring volume. Among these were the building of a much larger marketing department than we'd ever had; forging an alliance with the Canadian government-owned Export Development Corp. to facilitate and promote export business; and the acquisition and integration of the factoring business of Richards Capital Corp. of Dallas. The costs for these initiatives understandably had a significant impact on results, particularly in 1998; however, the benefits were reaped in 1999. Factoring volume surged to a little over $1.3 billion, an increase of 19% over 1998. Total revenue climbed to $26,144,000 compared with $20,275,000 the previous year, an increase of 28.9%.

To finance the increased activity in 1999 we saw fit to borrow substantially more money than ever before. As a result our cost of borrowed funds rose to $1,696,000 in 1999 from $493,000 in 1998. General and administrative expenses were up 14% to $12.6 million in 1999 compared with $11 million the previous year. Credit and loan losses totalled $1,403,000 in 1999 compared with $1,061,000 in 1998. Total write-offs amounted to 5.4% of revenue in the latest year, up slightly from 5.2% the previous year. Net earnings for 1999 were $6,183,866 compared with $4,765,057 in 1998. All our operating units turned in excellent results and in every case they represented significant increases over the previous year. In addition, our fifty percent holding in MFI Export Finance Inc. was

accounted for on the equity basis and produced net earnings for Accord of $203,000 for eleven months of operations. This company was formed Feb. 1, 1999 to provide trade finance services to Canadian companies exporting to the Caribbean.

Our return on average equity for 1999 was 21.2%, an improvement over the 18.7% for 1998. With the exception of two unimpressive years (1992 and 1993), our rate of return over the last ten years has ranged from a low of 18.7% to a high of 26.1%. Book value per share at Dec. 31, 1999 was $3.37 compared to $2.97 a year earlier. The quarterly dividend, which had been $0.025 per share since Dec. 1, 1997, was raised to $0.035 per share effective with the Sept. 1, 1999 dividend.

At year-end we had customer receivables and client advances totalling $60,528,000. In addition, we had outstanding receivables of $127,306,000 (managed receivables) for which we were at risk in the event of customer default. The total "at risk" portfolio at Dec. 31, 1999 was $187,834,000, the highest year-end total in our Company's history. This figure was under $150 million a year earlier. Portfolio quality remains high with more than adequate reserves to take care of any credit problems of consequence.

There were 47,000 options exercised during 1999, bringing the total shares outstanding to 9,383,257 at Dec. 31. No shares were purchased for cancellation during the year.

Montcap Financial Corp. has extended its services by entering into a service agreement with Liquid Capital Corp., the only licensing factoring operation in Canada that offers its licensees a full back-office system, credit guarantee and the Liquid Exchange™, a clearinghouse whereby licensees can purchase or sell approved invoices. Montcap will provide Liquid Capital the back-office processing infrastructure and the credit guarantee. The potential licensees are business people who know their local markets, and who will be providing spot factoring on smaller transactions not currently handled by Montcap. Montcap, Liquid Capital and its licensees will all be members of FactorsCanada™, a brand recently created by Accord Financial Corp. J.T.A. Factors, Inc. in Greenville, South Carolina currently operates as a member of FactorsUSA™, which brand will soon be developed in the U.S. by Liquid Capital.

In another initiative, our non-recourse factor, Accord Business Credit Inc., created a new export service in cooperation with Export Development Corp. The combined

service, called Export Ease™, unites EDC's credit coverage with Accord's receivables management service in one price-competitive package. A preliminary marketing campaign got under way late last year but more time is needed to ascertain the results.

In 1999, we expended considerable resources to minimize the risks of disruption arising out of the year 2000 computer issue. To date, the Company has experienced no significant disruption of its information technology. Similarly, our business partners, on whom we may rely for information technology, have not reported or experienced disruptions.

We added strength to our Board of Directors at the end of the year. Mr. Ben Evans, of Stamford, Connecticut, was appointed a director effective January 1, 2000. Mr. Evans has a long and distinguished career as a Certified Public Accountant and business consultant. During his many years as a partner with one of the largest accounting firms in America, he was a major presence in the factoring and finance industry. Mr. Evans' experience and business contacts will be a valuable addition to our Company.

Looking Forward

The U.S. and Canadian economies are steaming along at levels not seen in decades. New business start-ups and rapid expansion are both good for our Company. We enhance or provide the liquidity active companies need. It would be imprudent, despite current positive signs, to forecast that our growth rate of 30% in 1999 will be duplicated in 2000, and our shareholders will no doubt appreciate our caution in this respect. Nonetheless our solid infrastructure and new initiatives should produce another strong year, and hopefully another record.

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My sincerest thanks to our dedicated and talented people, who make it all happen; to our Board of Directors for their advocacy and guidance; and to you, our shareholders for your continuing support.

Ken Hitzig

Ken Hitzig
President

Toronto, Ontario
April 3, 2000

Ken Hitzig
Accord Financial Corp.
President

Ken founded Accord 22 years ago and has seen his initial vision grow into a highly successful North American factoring company. Ken gives credit to his early work assignments for providing him with the skills needed to achieve this success. After receiving a B.Comm. from McGill University, and achieving a C.A. designation, Ken worked for eight years with a large accounting firm, an experience that gave him a "big window" on business. This was followed by 18 years with another factor in a variety of challenging roles. He credits this tenure with giving him valuable experience in learning to work with other people of differing perspectives. Ken's management philosophy is to maintain a clear vision for his company and to be sure of where he wants to see it go. He demonstrates a great ability to do what is best for the company by confronting adversity and making tough decisions when necessary. Ken puts great stock in leading by example, in working to understand the people helping to build his company, and in learning how to motivate them to do their best.

Excerpts reprinted from **The Wall Street Transcript** September 20, 1999

QUESTIONING MARKET LEADERS FOR LONG TERM INVESTORS

CEO Interview: Ken Hitzig

TWST: Could you tell us more about your corporate growth strategy looking forward?

Mr. Hitzig: We have basically a two-pronged approach. Number one is to grow what we have as best we can. Marketing is one way to do it. Being cost competitive is another. We think that internal growth will produce an overall corporate growth rate of 10% plus per annum at this stage of the game.

Our other strategy, and this is an ongoing thing for the last 15 years, is acquisition. We think that with over 300 small companies in the field in the U.S., the industry is ripe for consolidation. We're not the only ones to see that. There are others out there that may indeed be doing the same thing. In any event, there are so many people, so many players, that we feel the targets we look for might be more interesting and are more compatible with a company like Accord, than with the giants. I'm not trying to diminish what they bring to the table. But we bring something that at least the target companies would understand and appreciate, which is to say a smaller company, a more intimate approach, and more compatible thinking with the management team of a smaller company.

TWST: Which areas are you focusing on personally at Accord as opposed to delegating?

Mr. Hitzig: My job is almost overwhelmingly mergers and acquisitions. We have a CEO for every operating unit that we have. They're so well equipped to handle their job that I have to do very little overseeing. And as a result, I spend most of my time on either strategic planning or looking at potential acquisitions.

TWST: Regarding your financial reports for the company, what are one or two items or statistics that would give a long-term investor greater insight into Accord?

Mr. Hitzig: The one that really pleases me is to see the 5-year moving average return on equity so you can't just have a flash in the pan and make 20% one year and then fall apart after that. You've got to have a five year moving average. We placed number 60 on the 1999 list of 1,000 [Top 1,000 survey conducted by a prominent Canadian financial journal] which means only 59 companies bettered our 5-year average rate of return on equity. We are also rather conservative in our accounting and we generally maintain more reserves those most financial institutions. We tend to write things off faster, any goodwill that we create on an acquisition is written off faster than is normally observed by other companies. So there are several attractive things in looking at out company from that perspective. It's conservative and it has a superior rate of return.

The full TWST transcript is available at Accord's web site:
www.accordfinancial.com

Our Business—Who We Are and What We Do

"In this report you will find several examples of how the skill and imagination of our talented people were brought to bear on challenging and tough situations presented by our clients. We face similar challenges constantly, when delivering liquidity solutions to our clients."

Accord represents a significant source of liquidity for growing businesses. Our factoring volume grew almost 19% to $1.3 billion in 1999. Over 500 client-companies used our services last year. These companies were in a wide variety of industries including staff placement, technology services, apparel, cable contracting, textiles, food distribution, printing, sporting goods, leisure products, footwear, floor coverings and home furnishings, industrial products, and transportation.

Accord provides several different kinds of factoring services to its client-companies in Canada and the United States. Some clients desire to outsource their customer accounts receivable departments, including the risk of customer default. Effectively, all the work involving credit-checking, record-keeping, collections and credit losses is off-loaded on Accord for a predetermined fee. Financing is available to these clients, but few of them avail themselves of this facility, preferring instead to fund their businesses through banks.

This service appeals to medium-sized companies (annual sales volume of $1 million to $10 million) which view the elimination of customer credit risk as the single most important benefit. Most of these clients are privately owned and the owners are very aware of preserving capital and avoiding unnecessary risk. The failure of a large customer could cause the client's bank to reduce or cancel the client's operating line of credit, and jeopardize the owner's life savings. Factoring with Accord solves the problem.

Factoring is a rapidly growing service in international trade. It is particularly attractive to exporters and importers engaged in ongoing, repetitive transactions, and the service is quickly replacing the cumbersome and ineffective documentary credit system used in the past.

Mark Perna
Accord Business Credit
President

Mark has been with Accord Business Credit since 1979, and has actively contributed to its outstanding success and growth since that time. Mark was appointed President in 1995, and credits his achievements to his ability to take decisive action, coupled with the self-discipline to "stay out of other people's way, and let them do their jobs." Mark strongly believes in providing leadership as opposed to the micro-managing of his team. He states: "I feel it is important to allow managers to hone their business skills and develop their self-confidence on the firing line." With a Bachelor's degree in Economics from the Wharton School at the University of Pennsylvania, Mark spent the early days of his working life training as a field auditor. He still values this experience today, and believes this early training plays a part in his ability to handle crucial decision-making responsibilities.

Located in British Columbia, Port Fish Ltd. sells a variety of seafood products. A customer in Lithuania wanted to place a large order. This original request came through our Estonian correspondent (a relationship developed through our Factors Chain International membership). The Lithuanian customer placed an order worth approximately $712,000, however Port Fish's bank was unwilling to advance funds on its line of credit against an overseas receivable.

"It was a tricky situation, but we were able to structure the transaction with the cooperation of our correspondent factor in Estonia. The solution that we developed met the specific needs of the vendor and their customer at the same time."

Robert Lee
Manager, International Credit
21 years with Accord

ACCORD
BUSINESS CREDIT INC.
We've Got You Covered.

"Traditionally, a letter of credit would be used in this kind of situation. However, the customer in Lithuania required an alternate method of financing, with open terms. International factoring provided the solution. From the seller's point of view, the most important issues were a guaranteed payment date, and the ability to discount the invoices through Accord. From the buyer's point of view, it didn't tie up the line of credit at their bank."

Peter Luk
Assistant Vice-President
27 years in factoring (22 with Accord)

"In the end, the money arrived like clockwork and was promptly transferred into Port Fish's account, and their customer advised that his needs were 'serviced admirably'. Accord accommodated the interests of both parties."

Dorothea Routledge
International Factoring Officer
9 years with Accord

Ms. Routledge achieved the highest score to date ever recorded by a North American candidate in the FCI International Course Exams.

Accord Business Credit Inc. has been a long-time member of Factors Chain International, the largest factoring network in the world.

Accord provides another type of factoring service to client-companies which do not require credit loss protection, but do need financing of their receivables. In this case, Accord purchases invoices from its clients for cash; however, in the event of customer default, Accord has the right to sell the account back to the client. Since most of these clients are thinly capitalized and may not possess the liquidity to repurchase their receivables, Accord employs credit officers to check all invoice purchases for credit quality. This financing service is attractive to small and medium-sized companies needing liquidity (like all companies) and unable to borrow from banks on the strength of their financial statements. These companies are usually short on capital, going through a turnaround phase, growing rapidly, or a combination of some or all of these traits. They usually have better-than-average customers, and by factoring their sales they effectively exchange paper for cash. We provide this liquidity service in both the United States and Canada.

In this report you will find several examples of the services we provide to our clients. The skill and imagination of our talented people were brought to bear on challenging and tough situations presented by our clients. These examples are only a few of the many challenges we face constantly, and most of them are resolved to everyone's satisfaction. Delivering liquidity solutions to business problems is our bread and butter.

Report on Operations

Our factoring business in Canada is carried on by two companies in which we have a 100% interest, and one company in which we have a 50% interest. The wholly-owned companies are Accord Business Credit Inc. and Montcap Financial Corp. The 50% venture is MFI Export Finance Inc. This latter company's figures are not consolidated with the others, and its net earnings

Fred Moss
Montcap Financial Corp.
President

Fred started Montcap 10 years ago, bringing a wealth of experience in the factoring industry and beyond. With a Bachelor of Commerce degree from McGill University and a C.A. designation, Fred spent his early years in business in all aspects of the asset-based finance industry eventually attaining C.E.O. status with a large factoring/finance company. Fred believes in providing strong leadership and clear communication to motivate and inspire his staff. Part of his greatest satisfaction comes from "funding a start-up or turnaround business and seeing it thrive and eventually 'graduate' beyond Montcap."

GDI Global Data Inc., based in Toronto, Ontario and Amherst, New Hampshire, designs, develops, markets and supports wireless data collection and communication products. The common shares of GDI trade on the Toronto Stock Exchange. The company had new management, aggressive growth plans, was in a turnaround mode, but no bank line.

"We first met GDI in April 1999. They had a steady stream of top quality receivables in Canada, the U.S., and Europe. They needed additional working capital to get products off the drawing board and into the market. We started in May with a $500,000 revolving facility through the purchase of their accounts receivable."

Steven Adler
Account Manager
10 years in factoring
and public accounting (2 with Montcap)

MONTCAP
FINANCIAL CORP

"It became very clear to us that GDI was on a steep growth curve. Their contracts kept coming in and it didn't take long before we increased the funding level to $1,000,000 in receivables."

Robert Gauthier
Credit Manager
19 years in factoring
(4 with Montcap)

"In addition to our initial funding, we provided letters of credit to purchase components necessary to complete and deliver new products. We were very confident that GDI was going to achieve, and then exceed their targets."

Cynthia Aboud
Regional Vice-President
9 years in factoring and banking
(1 with Montcap)

"Our funding solution gave them the time to go to the market and raise $5 million of new equity. They are now at a whole new operating level. We certainly intend on being there to help them reach the next level."

Matthew Levinson
Vice-President
11 years in factoring
(6 with Montcap, 5 with Accord)

form part of the overall revenue figure for Accord. Total revenue in Canada was $14,557,000 in 1999; an increase of 15% compared with 1998. Interest expense was up as the Company borrowed more to fund increased client advances. Other expenses were up as well, but general and administrative expenses declined moderately. Write-offs were unchanged at 7.4% of revenue.

International factoring continued to be an important part of our Canadian operations. The largest part of this business involved sales to and from the U.S. market. Most of the rest was trade between Canada and Latin America, United Kingdom, Southeast Asia, France and Turkey.

Operations in Canada generated net earnings of $3,342,000 in 1999 compared with $2,692,000 in 1998, an increase of 24.1%.

J.T.A. Factors, Inc. carries on our factoring business in the United States, and operates out of Greenville, South Carolina. Last year's report outlined the initiatives undertaken in 1998, mainly improved underwriting and business development. The benefits were expected to be felt in 1999, and the prophecy proved to be correct. Activity rose dramatically and revenue jumped from $7.6 million in 1998 to $11.6 million in 1999, an increase of 52%. Total expenses rose as well. Borrowing costs climbed to $1 million from $243,000 the year before. General and administrative expenses were $5.2 million in the latest year compared with $3.6 million the previous year. The biggest increase in this category was in marketing. Write-offs totalled $319,000 and although they were higher than the previous year, they amounted to less than 3% of revenue and were well below industry norms. Amortization amounting to $480,000 was up 50% over 1998 as a result of the Richards Capital acquisition at the end of 1998.

Operations in the U.S. generated net earnings of $2,842,000 in 1999 compared with $2,073,000 in 1998, an increase of 37.1%.

Tina deBondt
J.T.A. Factors, Inc.
President

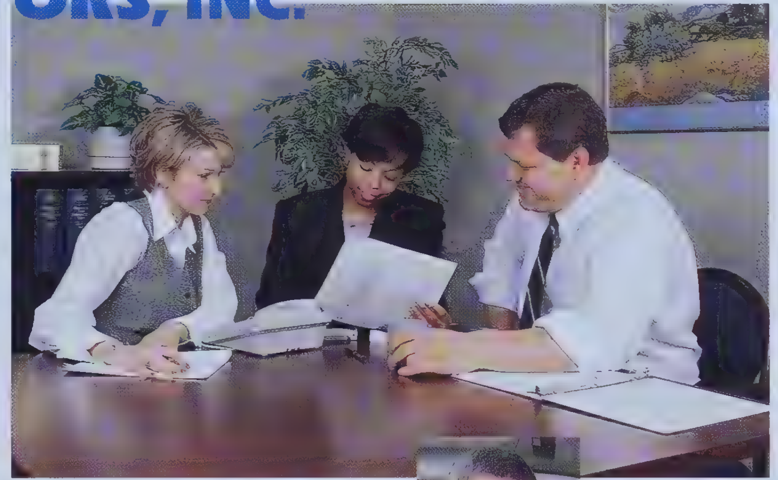
Tina joined J.T.A. four and a half years ago, and was appointed President one year later. She brings with her 14 years of commercial lending experience with America's largest bank, in addition to a degree in Psychology, and a degree from the Stonier Graduate School of Banking at Rutgers University. She values the opportunities she has had over the years to learn from the mistakes of others, as well as her own. Tina credits a strong sense of integrity, fairness and an ability to think on her feet as having contributed to her success in the role of President of this rapidly growing company. Tina believes firmly that the employees of J.T.A. have been, and will continue to be, an integral part of its long-term success. "As important as it is to choose the right strategic path, it is equally important to invest in the people who take us there."

A trucking company east of Raleigh, N.C. started to grow only three months after becoming a client of J.T.A. Business progressed well for the company. Then disaster struck. After they were a client for about one year, the area was pummeled by rain from two back-to-back hurricanes. The second storm, Floyd, caused the most damage. Over 20 inches of rain fell on the already saturated grounds, requiring residents to be rescued and evacuated.

"Despite heavy rain, all trucks were out making deliveries. But, they could not get back to the office with signed bills of lading. Without bills of lading, there can be no invoices, and without invoices there is no cash flow. But their cash requirements did not stop. When we learned about their plight, we knew we had to do something."

Martese Simpson
Sales Support Representative
5 years with J.T.A.

J.T.A. FACTORS, INC.



"The area was going through tremendous hardship. Our funding kept our client going, to provide much needed service to their customers and their community."

Tracy Blakemore
Account Manager
2 years with J.T.A.

"They had established a proven track record with us. We believed them when they said that when things got back to normal, they would give us the invoices."

Scott Chaffee
Credit and Collections Manager
13 years in factoring and credit (1 with J.T.A.)

"We provided funding as if we had the invoices. Sure enough, a few weeks later when the flood waters receded, we received the invoicing as promised."

Tom Henderson
Vice President
35 years in factoring (2 with J.T.A.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis explains trends in the Company's financial condition and results of operations for the year ended Dec. 31, 1999 compared with previous years. It is intended to help shareholders and other readers understand the dynamics of the business and the factors underlying the Company's financial results. Where possible, issues have been identified that may impact future results. The consolidated financial statements, notes to the consolidated statements and supplementary data, as well as the President's letter and report on operations, should be read as an integral part of this review.

Accord Financial Corp. has interest in four factoring units: Accord Business Credit Inc., J.T.A. Factors, Inc., Montcap Financial Corp., and MFI Export Finance Inc. Accord Business Credit Inc. has been in operation since 1978. J.T.A. Factors, Inc. and Montcap Financial Corp. were acquired on Dec. 31, 1992. In February 1999 Accord acquired a 50% interest in a newly incorporated company, MFI Export Finance Inc. This unit is managed by Morrison Financial Services Ltd.

The Company provides a broad range of factoring services in Canada and the United States to clients in many industries: temporary staff services, cable contracting, technology services, textiles, apparel, food distribution, sporting goods, leisure products, transportation, footwear, floor coverings, home furnishings, and industrial products.

Accord Business Credit reported excellent results for 1999, well ahead of last year. The improvement was a result of lower expenses and modest credit losses.

J.T.A. Factors reached a higher level of activity as a result of marketing groundwork and related expenses put into place during the last two years. The Richards Capital acquisition of December 1998 was integrated with very few problems. Operating results for 1999 were ahead of last year.

Montcap continued to extend more financial services to a growing clientele. Revenue was up substantially over last year. Net earnings were higher in 1999. Earnings were partially sheltered from income tax because of tax-loss carryforwards which were fully utilized during the year.

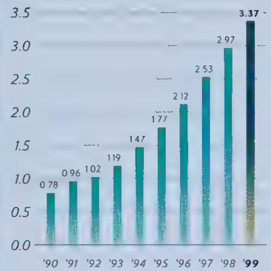
MFI Export Finance ramped up quickly to utilize the credit facility provided by Accord (see note 5). Operations were profitable despite first year growing pains.

Factoring in North America continues to be in transition, with the consolidation and merger of major factors, and the entry of new players in niche markets. The Company continues to search for and investigate new business opportunities and acquisitions. Through experienced management and staff, coupled with its financial resources, the Company is well positioned to meet increased competition and develop new opportunities.

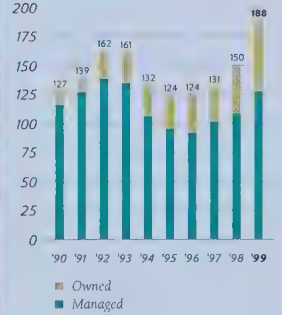
Fred Fishman
Accord Financial Corp.
Treasurer & Chief Financial Officer

Fred has been with Accord since its founding in 1978. He received a Bachelor of Science in Accounting at City University of New York and worked for a large accounting firm after graduation. It proved to be a great training ground for a career in factoring. After moving to Toronto Fred obtained a position as a field examiner with a major factoring company. The experience gained in New York and Toronto proved to be valuable, and shortly after his move to Accord he took over the treasury and accounting functions. "Accord is many times larger and more complex today than in 1978," he states, "but the challenges and excitement are undiminished."

Book Value per share
(in dollars at December 31)



Total Portfolio
receivables, owned and managed
(in millions of dollars at December 31)



Review of Balance Sheet

The consolidated financial position at Dec. 31, 1999 continued to strengthen since last year-end.

Total assets were $62 million, an increase of $18 million from 1998. Factored receivables and loans were up $15 million, financed by increased borrowings and earnings.

Table 1 highlights the composition of the Company's balance sheets. Total assets have grown quickly during the last two years and this trend is expected to continue. The Company maintains a policy of writing off intangibles rapidly. The first two ratios in the table below (47.4% and 50.7%) are nevertheless considerably higher than those of most financial companies.

Like the other operating units, J.T.A. operates as a stand-alone subsidiary. Its U.S. dollar assets and liabilities, discussed below, are translated into Canadian dollars at the exchange rate prevailing at balance sheet date (see note 1-h). The 1999 year-end exchange rate was 1.44 compared with 1.53 last year-end.

At Dec. 31, 1999, 63% of identifiable assets were located in the United States, and 37% in Canada. Last year these percentages were 76% and 24% respectively (see note 14). The predominant portion of these assets were factored receivables related to J.T.A. Factored receivables belonging to the clients of Accord Business Credit do not appear on the balance sheet (see note 2).

Offsetting these U.S. assets, there were identifiable U.S. liabilities. At Dec. 31, 1999, 45% of total liabilities were based in the United States compared with 58% last year. The decrease was in line with the shift in assets.

Foreign exchange risk is not material to the Company's operations as cross-currency transactions are limited.

Table 1—Balance Sheet Composition

(as a percentage)	1990	1991	1992	1993	1994	1995	1996	1997	1998	**1999**
Tangible equity / Assets	60.55	72.62	3.19	14.80	30.43	47.21	54.78	73.28	57.50	**47.40**
Equity / Assets	60.55	72.62	28.91	35.62	46.65	55.78	61.34	77.13	62.82	**50.74**
Term debt / Equity	0	0	0	0	0	0	0	0	0	**0**
Receivables ($000):										
Owned	11,273	11,731	23,202	26,087	26,301	28,273	32,276	29,558	41,248	**60,528**
Managed	115,994	126,913	138,683	134,669	106,013	95,236	91,673	101,200	108,549	**127,306**
Total portfolio	127,267	138,644	161,885	160,756	132,314	123,509	123,949	130,758	149,797	**187,834**

Factored receivables and loans, net of allowances for losses, grew 38%. At Dec. 31, 1999 they were almost $55 million compared with $40 million the previous year-end. This follows a 40% increase during 1998.

Funds employed increased by $15.5 million, the result of increased client demand.

The Company's business involves financing receivables of some of its clients. The Company also contracts with other clients to assume the credit risk with respect to their receivables. Since the Company does not take title to these receivables, they do not appear on the balance sheet. These receivables increased to $127 million at Dec. 31, 1999 compared with $108 million at Dec. 31, 1998. Most of these receivables at both dates were at the Company's risk.

All credit is reviewed as detailed in note 2. Nevertheless, for a variety of reasons, there will inevitably be defaults by customers and clients. The Company's credit and loan losses in 1999, as a percentage of gross revenue, were 5.4%. Last year's ratio was 5.2%, the best result in the past 10 years except for 1995's net recovery (see charts this page). The worst experience in the past 10 years was 1992 (28.3%).

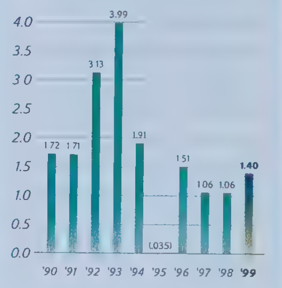
Our primary focus is the creditworthiness and collectibility of our clients' receivables. Monitoring and communicating with these customers is measured by, among other things, an analysis which indicates the amount of receivables current and past due. Different industries factored by Accord have varying payments terms, though most customers are shipped with due dates ranging from 30 to 60 days from original shipping or invoice date. Of the total portfolio, 10.4% was past due more than 60 days at Dec. 31, 1999, compared with last year's 9.7%.

Table 2 highlights the credit quality of the Company's portfolio, both owned and managed. The portfolio turnover has been quickening as the receivables (owned) of Montcap and J.T.A. make up a higher percentage of total outstandings. As our charge-off experience has improved (under 6 basis points annually since 1995), the reserves as a percent of the portfolio have increased, with a corresponding increase in the reserves to net charge-off ratio.

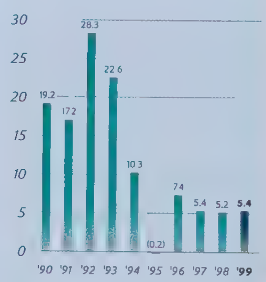
After a customary and detailed year-end review of the portfolio all problem accounts and loans have been identified and provided for. After writing off uncollectable amounts, and considering the growth in outstandings, the allowance for losses was raised to $1,760,000, from $1,317,000 last year.

Other assets, as outlined in note 3, were $360,000 at Dec. 31, 1999, a decrease of $146,000 from last year.

Credit & Loan Losses
(in millions of dollars)



Credit & Loan Losses
(as a percent of revenue)



Capital assets acquired during the year, net of disposals, amounted to $319,000. Amortization for the year amounted to $419,000. The net decrease in capital assets was $113,000 compared with a decrease of $53,000 last year.

Intangible assets, all originating in 1992 as a result of the acquisition of J.T.A. Factors, Inc., were fully amortized by the end of 1999. The goodwill balance at the beginning of the year was generated in 1992 by the reverse takeover of the Company by Accord, and the Montcap acquisition; in 1996, the purchase of the remaining 15% of J.T.A. Factors; and in 1997, the purchase of Skyview International Finance Corp. In 1998, the purchase of the factoring portfolio of Richards Capital Corp. added $1,554,194 of intangible assets (see note 6). Fully amortized assets, goodwill and related accumulated amortization totalling $8,959,033 were removed at Dec. 31, 1998. There were no additions during 1999. The increase in accumulated amortization was $382,000 in 1999 compared with $190,000 in 1998.

Total liabilities were $30.7 million at Dec. 31, 1999, a $14.2 million or 186% increase from the previous year-end's $16.5 million.

Bank indebtedness increased in step with the growth in factored receivables and loans to clients. At Dec. 31, 1999 the bank loans outstanding were $20.7 million, $13.1 million higher than 1998's $7.6 million. The loans are secured primarily by factored receivables and loans to clients, which were up $15.5 million for the year. The company has no term debt outstanding.

Amounts due to clients, fluctuating with volume processed, increased $1.3 million year over year. Unsecured notes payable representing funds borrowed on demand from management, employees, their families and friends, decreased by $0.2 million from last year.

Table 2—Credit Quality

(as a percentage)	1990	1991	1992	1993	1994	1995	1996	1997	1998	**1999**
Portfolio turnover (days)	70	66	63	46	41	44	41	42	42	**39**
Accts. rec. past due more than 60 days/Non-recourse accts. rec.	15.80	11.70	8.30	7.80	8.40	11.90	7.50	7.10	7.60	**10.10**
Reserves/Portfolio	0.86	0.92	0.44	1.28	1.10	1.17	1.19	1.13	1.21	**1.38**
Reserves/Net charge-offs	58.37	68.17	19.76	43.07	61.11	N/A	72.58	107.55	124.17	**125.38**
Net credit losses/Factored (non-recourse) volume	0.26	0.21	0.43	0.33	0.32	0.00	0.00	0.04	0.05	**0.06**

Accounts payable and other liabilities at Dec. 31, 1999 were $3.1 million, a decrease of $0.5 million from last year.

Capital stock changed only slightly from last year. A normal course issuer bid was registered for 1999, but no transactions were made. During 1999, a total of 47,000 options (1998-46,000) were exercised at an average price of $2.65 (1998-$2.40) per share. Last year the normal course issuer bid was successfully completed (488,743 shares) at an average price of $4.22 per share.

1999's activity of stock options granted, exercised, cancelled and year-end balances with their exercise prices are outlined in note 9. The non-executive directors stock option plan was approved by shareholders in May 1999, with details also included in that note.

Retained earnings increased $5.06 million by earnings of $6.18 million less dividends paid of $1.12 million.

Unrealized foreign exchange adjustment decreased $1.4 million as the Canadian dollar strengthened against the U.S. dollar, from 1.53 at the beginning of the year to 1.44 at the close of the year.

Total shareholders' equity stood at $31,632,000 at Dec. 31, 1999, an increase of $3,871,000 from the previous year-end, ahead of last year's increase of $3,035,000. The return on average shareholders' equity was 21.2% in 1999 compared with 18.7% in 1998.

Liquidity and Capital Resources

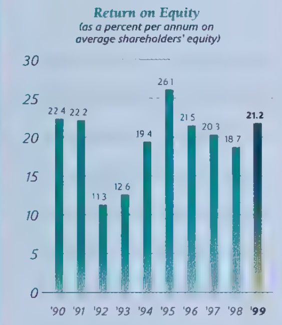
The Company's financing and capital requirements generally increase proportionately to the volume of receivables processed. The collection period and resulting turnover of all outstanding receivables impact financing needs.

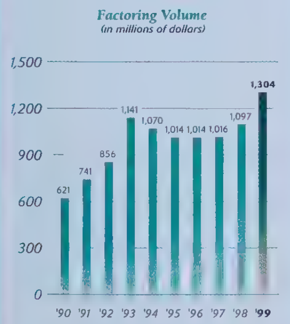
The volume of receivables processed was up 19% at $1.3 billion in 1999 compared with $1.1 billion in 1998.

In addition to relying on cash flow generated from earnings, the subsidiaries maintain bank lines of credit in Canada and the United States. Borrowings are margined as a percentage of outstanding factored receivables and loans.

The current J.T.A. credit facility provides for maximum borrowings of U.S.$21.5 million, an increase from last year. Montcap has a credit facility of up to $15 million, consistent with last year. Both bank lines were in use throughout the year. Available internal funds decreased the usage of, and dependence on, these lines.

Cash inflow from earnings before changes in non-cash operating items totalled $7.5 million in 1999 compared





with $5.6 million in 1998. The principal items other than earnings which make up the Company's cash inflow have historically been the allowance for losses, and more recently, amortization of intangible assets and goodwill. The allowance for losses is based on the size and condition of the Company's portfolio and external economic conditions as described in note 1-c. Amortization of intangibles, recently increased by the Richards Capital acquisition, and amortization of goodwill will continue for some time.

The Company's non-cash operating items are composed mainly of factored receivables and loans, due to clients, accounts payable and unrealized foreign exchange adjustment, all of which have been discussed. As a result, after taking into account the varied changes in non-cash items, net cash used for operations totalled $8 million in 1999, compared with $2.6 million provided by operations in 1998.

Cash was provided by 1999 earnings of $7.47 million, assisted by the $13.16 million increase in bank debt, the $124,350 received for options exercised, the $125,000 dividend from MFI, and supported by a $1.26 million increase in due to clients. This was used principally to a) fund $15.5 million increased funds employed with clients and b) fund $3.70 million advanced to MFI. Dividends were paid totalling $1.12 million and net capital additions were $319,000. Cash flow in 1998 came from earnings, increased bank debt and due to clients totalling $15.5 million, which was used to a) fund $11.7 million increased funds employed with clients, b) purchase and cancel shares worth $2.1 million and c) acquire Richards Capital for a $1.55 million premium. Capital assets grew by $310,000 and dividends of $940,000 were distributed.

In view of its current growth rate, the Company has decided it prudent to obtain increased credit facilities for operations in 2000. Though the current facilities have not been fully utilized and internal cash reserves are available, applications for increases are in process. These applications are at different levels of processing and have been met with positive reactions from their respective banks. In summary, the shareholders' equity, combined with total available borrowings, and increases as discussed, provides ample liquidity and capital resources for future growth.

Review of Operations

Revenue in 1999 was $26.1 million, an increase of $5.9 million or 29% compared to 1998. U.S. operating results are translated into Canadian dollars at the prevailing average monthly exchange rates.

The four operating units' results all improved in 1999 compared with 1998.

- Revenue at Accord Business Credit Inc. was about the same as last year. Operating expenses were lower pushing net earnings higher.
- J.T.A.'s revenue was over 50% ahead of last year, a result of the major marketing effort. Operating expenses were higher, in line with the higher activity. Net earnings were substantially higher than last year.
- Montcap's revenue also soared about 50% above last year's level, as did their operating expenses. Tax losses were exhausted, limiting net earnings growth to 12%.
- MFI Export Finance contributed, for the first time, just over $200,000 to the bottom line.

All consolidated line items were up year-over-year. Revenue was up 29% and total expenses were up just over 25%. Consolidated net income was up almost 30%.

International volume, mostly cross-border business between the United States and Canada handled by Accord Business Credit, dipped to $235 million or 32% of its total volume during 1999. The comparable volume and percentage figures for 1998 were $258 million and 33%.

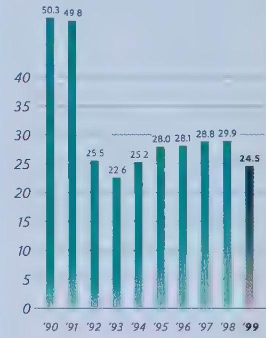
Interest expense totalled $1.7 million in 1999 compared to $493,000 in 1998. A much greater dependency on bank debt to fund substantially higher outstandings was reflected in the increased interest expense. Interest rates in both the U.S. and Canada moved nominally lower. The average U.S. prime rate in 1999 was 7.97% per annum, down slightly from the average 8.35% in 1998. The average Canadian prime rate was 6.43%, also down slightly from the 1998 average of 6.66%.

The Company's agreements with its lenders (interest expense) and clients (interest revenue) provide for an adjustment in the event of interest fluctuations so that, subject to minor timing differences, the Company's spreads are essentially protected. The Company does not normally utilize financial instruments of any kind.

General and administrative expenses increased $1.6 million or 14.4% from 1998 to 1999, reflecting increased activity. The Company continued to invest in technology to meet the demands of its clients. Continued Y2K expenses for testing during 1999 were fully expensed as part of the regular budget. The changeover from 1999 to 2000 went smoothly for our internal processes.

Overall, general and administrative expenses of $12,635,000 in 1999 represented 48.3% of gross revenue compared with 54.4% in 1998.

Operating Expenses
(as a percent of average assets)



Earnings per share
(in cents)

Table 3 highlights the profitability of the Company compared with assets and equity. The net revenue ratio has dipped recently as the increase of assets – greater factored receivables and loans to clients – are funded by increased bank indebtedness which, of course, carries an interest feature. This trend will continue. The ratio of operating expenses to average assets had been rising steadily since 1993, peaking at just under 30% in 1998. There was a marked improvement in 1999 as the ratio fell to 24.5%, its lowest in the same time frame.

Credit and loan losses, as discussed in the President's letter, increased $0.3 million in 1999 to $1.4 million, from last year's $1.1 million, due to increased activity (see charts on page 14). Credit controls and underwriting standards continued to be strictly observed, and where necessary, improved.

Amortization increased to $0.8 million in 1999 compared with $0.6 million in 1998. Of the amounts written off since 1993, most related to the amortization of intangible assets which were substantially amortized by last year-end.

The effective corporate income tax rate for 1999 was 35.5%, higher than 32.8% in 1998 (see note 10), as the tax losses were fully utilized during the year.

Net earnings increased 29.8% to $6,183,866 in 1999, or 66 cents per share, compared with $4,765,057 in 1998, or 51 cents per share. The average number of shares outstanding dropped from 9,412,656 in 1998 to 9,356,539 in 1999.

Quarterly dividends were increased to 3.5 cents per share September 1, 1999. The previous quarterly dividend rate of 2.5 cents had been in effect since December 1, 1997. Dividends paid totalled $0.12 per share for 1999, compared with $0.10 per share for 1998.

TABLE 3—PROFITABILITY RATIOS

(as a percentage)	1990	1991	1992	1993	1994	1995	1996	1997	1998	**1999**
Return on average assets	14.30	14.86	4.50	3.93	7.92	13.03	12.54	13.43	12.50	**11.61**
Return on average equity	22.91	23.93	11.04	12.56	19.36	26.10	21.47	20.32	18.72	**21.18**
Net revenue / Average assets	90.09	87.10	47.38	47.29	52.01	57.66	57.10	56.75	51.89	**45.90**
Operating expenses / Average assets	50.28	49.84	25.48	22.60	25.16	27.95	28.13	28.82	29.86	**24.51**

TEN YEAR FINANCIAL SUMMARY 1990-1999

All shares and per-share amounts have been adjusted to reflect a 6.4 for one stock split in 1992. All figures are in thousands except factoring volume (in millions) and earnings, dividends, book value per share and share price history.

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Factoring volume	$ 620.5	740.9	855.6	1,140.9	1,069.7	1,013.5	1,013.6	1,016.4	1,097.0	1,303.9
Revenue	$ 8,953	9,991	11,091	17,637	18,610	19,690	20,331	19,672	20,275	26,144
Interest	22	12	21	1,276	1,334	1,048	961	553	493	1,697
General & administrative	4,878	5,588	5,812	7,670	8,198	8,830	9,210	9,387	11,049	12,635
Credit & loan losses	1,719	1,710	3,134	3,994	1,912	(35)	1,510	1,060	1,061	1,403
Amortization	106	121	141	2,318	2,452	2,511	1,672	1,708	590	820
Total expenses	6,725	7,431	9,108	15,258	13,896	12,354	13,353	12,708	13,193	16,555
Earnings before tax	2,228	2,560	1,983	2,379	4,714	7,336	6,978	6,964	7,082	9,589
Income taxes	811	857	931	877	1,792	2,782	2,725	2,440	2,317	3,405
Minority interest	—	—	—	142	290	341	—	—	—	—
Net earnings	$ 1,417	1,703	1,052	1,360	2,632	4,213	4,253	4,524	4,765	6,184
Average shares outstanding	8,659	8,890	9,669	9,957	10,230	10,230	10,230	9,884	9,413	9,357
Earnings per share, basic	$ 0.16	0.19	0.11	0.14	0.26	0.41	0.42	0.46	0.51	0.66
Dividends per share	$ 0.03	0.03	0.04	0.05	0.06	0.07	0.08	0.085	0.10	0.12
Net receivables	$10,270	10,565	22,583	24,366	25,133	27,156	31,181	28,418	39,930	54,993
Other assets	808	1,272	12,315	9,513	7,008	5,369	4,521	3,554	4,360	7,349
Total assets	$11,078	11,837	34,898	33,879	32,141	32,525	35,702	31,972	44,290	62,342
Bank indebtedness	$ —	—	14,391	10,505	7,189	4,381	7,852	1,717	7,559	20,714
Due to clients	2,524	1,251	2,260	3,439	3,029	3,051	3,515	2,368	3,594	4,852
Other liabilities	1,425	1,513	3,641	2,217	2,841	2,758	1,838	2,281	3,649	3,374
Deferred income	421	477	460	632	587	615	661	695	753	1,028
Notes payable	—	—	2,729	3,335	1,579	1,367	170	185	974	742
Total liabilities	4,370	3,241	23,481	20,128	15,225	12,172	14,036	7,246	16,529	30,710
Minority interest	$ —	—	1,329	1,532	1,922	2,210	—	—	—	—
Shareholders' equity	$ 6,708	8,596	10,088	12,219	14,994	18,143	21,666	24,726	27,761	31,632
Total liabilities & equity	$11,078	11,837	34,898	33,879	32,141	32,525	35,702	31,972	44,290	62,342
Shares outstanding at Dec. 31	8,545	8,914	9,930	10,230	10,230	10,230	10,230	9,779	9,337	9,383
Book value per share	$ 0.78	0.96	1.02	1.19	1.47	1.77	2.12	2.53	2.97	3.37
Share price - High	$ —	—	2.40	3.30	2.75	3.00	4.20	4.50	5.75	5.75
- Low	$ —	—	1.60	1.90	1.75	2.00	2.60	3.00	4.00	4.25
- Close, Dec. 31	$ —	—	1.80	2.78	2.30	2.85	3.25	4.15	4.30	5.50

Corporate Governance

Corporate governance refers to the structures and processes employed by the Company to direct and manage its business and affairs, so as to best achieve the Company's objectives. The Board of Directors and management of the Company view sound corporate governance practices as an essential component of the efficient and profitable operation of the Company.

The shareholders elect the Directors who in turn are responsible for overseeing all aspects of the operation of the Company, including appointing management and ensuring that the business is managed properly, taking into account the interests of the shareholders and other stakeholders such as employees, clients, suppliers and the community at large.

The Board of Directors discharges its responsibility directly and through its committees which consist of an Audit Committee and a Compensation Committee. The Board of Directors meets regularly to review the business operations and financial results of the Company, including regular meetings with management to discuss specific aspects of the operations of the Company. During the year ended December 31, 1999, there were five meetings of the Board of Directors.

Specific responsibilities of the Board of Directors include reviewing and approving:

- the Company's strategic and operating plans
- significant operational and financial matters and providing direction to management on these matters
- corporate objectives and goals applicable to the senior management personnel of the Company
- credit above certain limits which include loans to clients and assumption of credit risk
- quarterly and annual financial statements, and other major communications to shareholders and the investing public.

Audit Committee

The Audit Committee makes recommendations as to the implementation and operation of internal controls and financial systems. The Committee reviews the annual consolidated financial statements with management and the external auditors before making any recommendations to the Board relating to approval of the statements. When required, the Committee meets directly with the independent auditors. Interim financial statements are reviewed with the full Board at regular meetings. During 1999 there was one meeting of this committee.

Compensation Committee

The Compensation Committee makes recommendations to the Board with respect to the remuneration of executive officers of the Company. The Committee reviews compensation paid to management of similarly sized companies to ensure that remuneration is consistent with industry standards. The Committee also considers and makes recommendations with respect to such matters as incentive plans, employee benefit plans and the structure and granting of stock options. During 1999 there were two meetings of this committee.

Other Matters

The size of the Board is appropriate for Accord as the members, other than the president, are unrelated (free from conflicting interest), reflect diverse expertise, and function independently of management. Although

neither a corporate governance committee nor a nominating committee has yet been formed, the Board of Directors and its committees had, and continue to have, varied responsibilities. They include nominating new directors, assessing the effectiveness of the Board as a whole and the contribution of individual directors, reviewing the adequacy and form of compensation of directors, and approving requests of directors to engage outside advisors at the expense of the Company.

The Board of Directors does not have a formal chair and it is felt that given the current structure of the Board, one is not needed. The Board of Directors believes that there are adequate structures and processes in place to facilitate the functioning of the Board independent from management without the need for a chair. Should a need develop in the future, the Board will consider whether a formal or acting chair or a "lead" director is needed.

The Board's Expectations of Management

The Board expects management to operate the Company in accordance with approved annual business and strategic plans, to do everything possible to enhance shareholder value and to manage the Company in a prudent manner. Management is expected to provide regular financial and operating reports to the Board and to make the Board aware of all important issues and major business developments, particularly those which had not been previously anticipated. Management is expected to find opportunities for business acquisitions and expansion, and to make appropriate recommendations to the Board.

The Company's corporate governance practices comply with the fundamental principles underlying the guidelines outlined by The Toronto Stock Exchange.

Board of Directors

Accord has diligently sought out candidates that can best provide the skills necessary to contribute to the Company's long term success. The candidates should possess some or all of the background experiences gained through a professional, academic, or entrepreneurial career. Among other responsibilities, the Board reviews business recommendations put forth by management, scrutinizes audit results, evaluates compensation and human resource issues.

In addition to representing the shareholders' interests, the ultimate goal of the Board is to direct and assist management in building and enhancing shareholder value.

The business experience, sound judgment, and skill sets represented by our Board of Directors provide solid benefits to the Company. The following biographies provide some insight and support to the Company's confidence in making such a claim.

Ken Hitzig
Toronto, Ontario

Ben Evans
Stamford, Connecticut

As the newest member of the Board, appointed in January 2000, Mr. Evans brings over 45 years of experience in public accounting in the United States to his role as a director. As a Certified Public Accountant he has served as both a partner and a consultant with a major accounting firm, specializing in factoring and finance companies, and in advising creditors in insolvencies. Mr. Evans has joined the Board's Audit Committee, noting that an effective board "is independent of management, and is a cross-section of business oriented members." Mr. Evans also serves on the board of Salant Corp.

Robert J. Beutel
Toronto, Ontario

Mr. Beutel holds a M.S.E. from the University of Michigan and has served on the Board of Directors since 1990. He is also a member of the boards of Cashway Building Centres, Nu-Gro Corporation, and Firm Capital Mortgage Investment Funds. He states: "As an investor and former senior officer of a trust company, I have gained experience in credit analysis and approval. The directors of Accord help to assess credit and overall risk in the business." Mr. Beutel believes that an effective board responds to management's initiatives by providing comments and challenges, thereby expanding the experience of management either through personal knowledge or through the introduction of new ideas and new contacts.

H. Thomas Beck
Toronto, Ontario

A member of the Board since Accord began, Mr. Beck brings with him over 50 years of experience building and operating another public company, Noma Industries Ltd. Mr. Beck also serves on the boards of Clairvest, the Toronto Symphony Orchestra, and the Weizmann Institute of Science. As a member of the Board's Compensation Committee, Mr. Beck works to balance the interest of the shareholders while helping the Company obtain and retain the best talent possible. Mr. Beck believes part of the success of Accord's Board of Directors is the variety of backgrounds and experiences brought to the table by its members. Mr. Beck holds a P.Eng., and BSc. (Eng.) from London University.

Austin C. Beutel
Toronto, Ontario

Mr. Beutel has been a member of Accord's Board of Directors since its establishment 22 years ago. He holds an M.B.A. (Harvard) and is a Chartered Financial Analyst with over 44 years in business. Mr. Beutel's strong financial skills are a great contribution to the Board's Audit and Compensation Committees. Mr. Beutel also serves on the boards of many other companies and organizations, including Astral Media, Armbro Enterprises, Franco-Nevada Mining Corp., Equitable Trust Co., O&Y Enterprises, Nu-Gro Corporation and Sunnybrook & Women's College Health Sciences Centre. Mr. Beutel believes the membership of a successful Board of Directors should reflect a diversity of backgrounds and experiences, a strong appreciation for the corporate mission and values, some equity ownership, a respect for the independence of management, and a commitment to effective participation.

John D. Lamont
Oakville, Ontario

Mr. Lamont has served on the Board of the Company for 11 years, and contributes 47 years of hands-on business experience. A licensed customs broker, Mr. Lamont is Chairman & CEO of Import Management Services Ltd., and has been involved in the purchase of 17 competitive companies in 19 years. In his duties as a member of the Board as well as a member of the Audit Committee, Mr. Lamont feels a great responsibility to the clients of the Company and its shareholders. He believes it is an important function of the Board to respond quickly to credit requests, and that the shareholders receive the most accurate information. He also feels it important to communicate with the Company's auditors to discuss any changes that could be made in the day-to-day management of operations. Mr. Lamont also serves as a director for other companies, including Dominion Consulting Inc.

Frank D. White
Mount Royal, Quebec

Mr. White is the owner of several independent businesses, including TMS Truck Masters, and has served as a director of Accord for 9 years. With a B.Comm. and C.A. degree, and over 45 years of business experience, Mr. White has "an appreciation and respect for those individuals who are entrepreneurs, and can understand their problems and pitfalls." Mr. White serves on the Board's Audit Committee, and is also a member of the Board of Governors of Dynamic Mutual Funds, and a director of Nu-Gro Corporation. Mr. White believes a successful Board of Directors will have members of varying experiences and backgrounds who take their position and role in the company seriously.

ACCORD FINANCIAL CORP

MANAGEMENT'S REPORT TO THE SHAREHOLDERS

The management of Accord Financial Corp. is responsible for the preparation, presentation and integrity of the consolidated financial statements, financial information and discussion and analysis contained in this annual report. This responsibility includes the selection of the accounting principles in addition to judgments and estimates in accordance with generally accepted accounting principles appropriate in the circumstances. The accounting principles which form the basis of the consolidated financial statements and the more significant policies applied are described in note 1 to the consolidated financial statements.

In order to meet its responsibility, management maintains systems of accounting and administrative controls that assure, on a reasonable basis, the reliability of financial information and the orderly and efficient conduct of the Company's business.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board is assisted in exercising its responsibilities through the Audit Committee of the Board, which is composed of non-management Directors. The Committee meets periodically with management and the auditors to satisfy itself that management's responsibilities are properly discharged, to review the consolidated financial statements and to recommend approval of the consolidated financial statements to the Board.

KPMG LLP, independent auditors appointed by the shareholders, express an opinion on the fair presentation of the consolidated financial statements. They have full and unrestricted access to the Audit Committee and management to discuss matters arising from their audit, which includes a review of accounting records and internal controls.

Fred Fishman
Treasurer & Chief Financial Officer

Toronto, Ontario
March 9, 2000

KPMG

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Accord Financial Corp. as at December 31, 1999 and 1998 and the consolidated statements of earnings, retained earnings and changes in cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1999 and 1998 and the results of its operations and the changes in its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Toronto, Ontario
March 9, 2000

Consolidated Balance Sheets

December 31, 1999 and 1998

	1999	1998
Assets		
Factored receivables and loans, net (note 2)	$ 54,993,146	$ 39,930,344
Cash	37,918	12,543
Other assets (note 3)	359,581	506,157
Income taxes recoverable	—	21,515
Capital assets, net (note 4)	1,091,187	1,204,433
Investment in and advances to affiliate (note 5)	3,774,996	—
Intangible assets and goodwill, net (note 6)	2,084,956	2,615,046
	$ 62,341,784	$ 44,290,038
Liabilities		
Bank indebtedness (note 7)	$ 20,713,940	$ 7,558,825
Due to clients	4,851,904	3,593,947
Accounts payable and other liabilities	3,123,656	3,649,508
Income taxes payable	250,564	—
Deferred income	1,027,946	753,334
Notes payable (note 8)	741,435	973,699
	30,709,445	16,529,313
Shareholders' equity		
Capital stock (note 9)	3,790,910	3,666,560
Retained earnings	26,154,915	21,094,110
Unrealized foreign exchange adjustment	1,686,514	3,000,055
	31,632,339	27,760,725
Commitments and contingencies (notes 2, 5, 7, 8, 12, and 13)		
	$ 62,341,784	$ 44,290,038

See accompanying notes to consolidated financial statements.

On behalf of the Board

Ken Hitzig

Ken Hitzig, Director

Austin C. Beutel, Director

Consolidated Statements of Earnings

Years ended December 31, 1999 and 1998

	1999	1998
Revenue		
Factoring commissions, discounts, interest and other income	$ 26,144,102	$ 20,274,952
Expenses		
Interest	1,696,379	492,768
General and administrative	12,635,096	11,048,606
Credit and loan losses	1,403,381	1,061,021
Amortization	820,164	590,097
	16,555,020	13,192,492
Earnings before income taxes	9,589,082	7,082,460
Income taxes (note 10)	3,405,216	2,317,403
Net earnings	$ 6,183,866	$ 4,765,057
Earnings per common share (note 11)		
Basic	$ 0.66	$ 0.51
Fully diluted	$ 0.64	$ 0.49

Consolidated Statements of Retained Earnings

Years ended December 31, 1999 and 1998

	1999	1998
Retained earnings, beginning of year	$ 21,094,110	$ 19,136,776
Net earnings	6,183,866	4,765,057
Dividends	(1,123,061)	(939,969)
Cancellation of shares	—	(1,867,754)
Retained earnings, end of year	$ 26,154,915	$ 21,094,110

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended December 31, 1999 and 1998

	1999	1998
Cash provided by (used in):		
Operating activities		
Net earnings	$ 6,183,866	$ 4,765,057
Add (deduct) items not affecting cash		
Increase in allowance for losses	442,143	177,561
Increase in deferred income	274,612	58,677
Amortization	820,164	590,097
Deferred income tax (reduction)	(48,761)	(38,193)
Income from affiliate	(202,762)	—
	7,469,262	5,553,199
Change in non-cash operating items		
Increase in receivables and loans to clients	(15,504,946)	(6,556,625)
Increase in due to clients	1,257,957	1,225,583
Increase in income taxes payable, net	272,079	51,991
Increase (decrease) in deferred charges	195,337	(182,016)
Increase (decrease) in accounts payable and other liabilities	(525,852)	1,367,519
Add (less) change from translation	(1,171,479)	1,127,066
	(15,476,904)	(2,966,482)
	(8,007,642)	2,586,717
Investing activities		
Investment in affiliate	(100)	—
Advances to affiliate	(3,697,134)	—
Capital asset additions, net	(318,889)	(310,025)
Acquisitions (note 6)	—	(6,687,161)
	(4,016,123)	(6,997,186)
Financing activities		
Increase in bank indebtedness	13,155,115	5,841,701
Notes issued (repaid), net	(232,264)	789,074
Options exercised	124,350	110,400
Shares redeemed and cancelled	—	(2,063,842)
Dividends from affiliate	125,000	—
Dividends paid	(1,123,061)	(939,969)
	12,049,140	3,737,364
Net cash provided (used) during the year	25,375	(673,105)
Cash at beginning of year	12,543	685,648
Cash at end of year	$ 37,918	$ 12,543
Supplemental cash flow information:		
Cash interest paid	$ (1,470,966)	$ (490,240)
Cash income taxes paid	$ (3,103,023)	$ (2,282,526)

See accompanying notes to consolidated financial statements.

The Company is incorporated, by way of Articles of Continuance dated March 24, 1992, under the Business Corporations Act (Ontario) and is engaged in providing factoring services to industrial and commercial enterprises in Canada and the United States.

1. Significant accounting policies

(a) Basis of consolidation

These financial statements consolidate the accounts of the Company and its subsidiaries, Accord Business Credit Inc., J.T.A.Factors, Inc., Montcap Financial Corp. and Accord Financial, Inc. Significant intercompany balances and transactions are eliminated upon consolidation.

Investment in affiliate is accounted for by the equity method of accounting.

(b) Income recognition

Factoring commissions and discounts are recorded as income at the time the receivables are factored, less a portion thereof relating to future collection expenses. The deferred portion is included in income as the receivables are collected. Interest charges on loans are included in income on an accrual basis.

(c) Allowance for losses

An allowance for credit and loan losses is maintained at an amount which, in management's judgment, is sufficient to cover future losses on factored receivables, portfolio loans and guarantees undertaken by the Company on its clients' behalf. The amount is based upon several considerations including current economic trends, condition of the loan and receivable portfolios and typical industry loss experience.

Credit losses on factored receivables are charged to the allowance for losses when debtors are known to be bankrupt or insolvent. Losses on loans are charged to the allowance for losses when collectibility becomes questionable and the underlying collateral is considered insufficient to secure the loan balance.

(d) Capital asset amortization

Capital assets are stated at cost. Amortization is recorded on the declining balance basis over the estimated useful lives of the assets: furniture and equipment at 20% per annum; computer equipment and automobiles at 30% per annum. Amortization of leasehold improvements is recorded on a straight-line basis over the term of the respective leases.

(e) Deferred income taxes

Deferred income taxes arise from timing differences between the deductibility of the allowance for losses for accounting and income tax purposes.

(f) Intangible assets and goodwill

Intangible assets and goodwill arising on the acquisition of subsidiaries are recorded at cost and are amortized to income from the date acquired on a straight-line basis over varying terms not exceeding ten years. Goodwill is written down to fair value when declines in value are considered to be other than temporary based upon the expected cash flows of the respective subsidiaries.

(g) Stock incentive plan

The Company has a stock incentive plan. No compensation expense is recognized for this plan when stock options are issued to employees. Any consideration paid by employees on exercise of stock options is credited to share capital.

(h) Foreign currency translation

The assets and liabilities of the Company's self-sustaining foreign subsidiary are translated into Canadian dollars at the exchange rate prevailing at the balance

sheet date. Revenues and expenses are translated into Canadian dollars at the average monthly exchange rate then prevailing. Resulting foreign exchange gains and losses are credited or charged to the unrealized foreign exchange adjustment account included in shareholders' equity.

(i) Financial assets and liabilities

Financial assets and liabilities recorded at cost are short-term in nature and therefore the carrying values approximate fair values.

(j) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the years. Estimates that are particularly judgmental relate to the determination of the allowance for losses relating to factored receivables and loans. Management believes that the allowance for losses is adequate. Actual results could differ from those estimates.

2. Factored receivables and loans

	1999	1998
Factored receivables	$33,481,130	$ 30,810,287
Loans to clients	23,271,584	10,437,482
	56,752,714	41,247,769
Allowance for losses	1,759,568	1,317,425
	$54,993,146	$ 39,930,344

The Company has also entered into agreements with clients whereby the Company has assumed the credit risk with respect to most of the clients' receivables. At December 31, 1999, the gross amount of these receivables was $127,305,584 (1998 - $108,548,789). These receivables and factored receivables and loans have been considered by management in determining the allowance for losses.

The nature of the Company's business requires the Company to fund or assume credit risk on receivables offered to it by its clients. All credit is approved by a staff of credit officers, and larger amounts must be authorized by supervisory personnel, management, and in the case of credit in excess of $1,000,000 by the Board of Directors. The Company monitors and controls its risks and exposures through financial, credit and legal reporting systems and, accordingly, believes that it has in place procedures for evaluating and limiting the credit risks to which it is subject. Interest rate risks are controlled through charging interest on loans which varies with bank prime rates of interest.

3. Other assets

	1999	1998
Employee loans	$ 41,250	$ 62,499
Deferred income taxes	223,351	174,590
Prepaid expenses and other assets	94,980	269,068
	$ 359,581	$ 506,157

Employee loans include loans due from employees under a 1991 employee share purchase plan, are repayable over a ten-year period and bear interest equivalent to the dividend rate on the Company's common shares. Common shares purchased under the terms of the plan have been pledged as security for these loans.

4. Capital assets

Capital assets are stated net of accumulated amortization of $2,484,936 (1998 - $2,065,619).

5. Investment in and advances to affiliate

In February 1999 Accord acquired a 50% interest in a newly incorporated company, MFI Export Finance Inc. (MFI) for $100. MFI provides factoring services to Canadian companies exporting to the Caribbean. A $4,500,000 secured loan commitment was made

to MFI consisting of $3,500,000 (maturing in 2005), and $1,000,000 (maturing in 2006). Interest varies with the bank prime rate. At December 31, 1999, $3,774,896 was outstanding and interest earned amounted to $257,367 in the year. Earnings from this investment are accounted for by the equity method and totalled $202,762 during 1999.

6. Intangible assets and goodwill

	1999	1998
Intangible assets	$ 2,267,945	$ 2,359,171
Goodwill	1,176,645	1,233,399
	3,444,590	3,592,570
Accumulated amortization	1,359,634	977,524
	$ 2,084,956	$ 2,615,046

Intangible assets comprise non-competition and use of name agreements, client lists, credit files, and computer software. In 1998, intangible assets and goodwill of $8,959,033 and related accumulated amortization were removed from the accounts as the intangible assets were fully amortized.

On December 18, 1998, J.T.A. Factors, Inc. purchased the assets of the factoring division of Richards Capital Corp., headquartered in Dallas, Texas for $6,687,161 consisting of factored receivables of $5,132,967 and intangible assets of $1,554,194.

7. Bank indebtedness

Revolving lines of credit have been established at several banking institutions bearing interest varying with the bank prime rate or LIBOR. Those lines of credit, which are secured, are collateralized primarily by factored receivables and loans to clients. At December 31, 1999, the amounts outstanding under these lines of credit totalled $20,713,940 (1998 - $7,558,825). The Company is in compliance with the loan covenants under these lines of credit as at December 31, 1999.

8. Notes payable

Notes payable in the amount of $741,435 (1998 - $973,699) are unsecured, due on demand and bear interest varying with the bank prime rate or LIBOR.

9. Capital stock

The authorized capital stock of the Company consists of an unlimited number of first preferred shares, issuable in series, and an unlimited number of common shares.

The first preferred shares may be issued in one or more series and rank in preference to the common shares. Designations, preferences, rights, conditions or prohibitions relating to each class of shares may be fixed by the Directors of the Company. At December 31, 1999 and 1998 there were no preferred shares outstanding.

The common shares issued and outstanding were:

	Number	Amount
Balance, Jan 1, 1998	9,779,000	$3,752,248
Issued on exercise of options	46,000	110,400
Purchased for cancellation	(488,743)	(196,088)
Balance, Dec. 31, 1998	9,336,257	$3,666,560
Issued on exercise of options	47,000	124,350
Purchased for cancellation	—	—
Balance, Dec. 31, 1999	9,383,257	$3,790,910

The Company has established an employee stock option plan. Under the terms of the plan, an aggregate of 1,000,000 common shares has been reserved for issue upon the exercise of options granted to key managerial employees of the Company and its subsidiaries. According to the terms of the plan, options may be earned upon the achievement by the Company of certain minimum earnings formulas.

The Company has established a non-executive directors' stock option plan. Under the terms of the plan, an aggregate of 500,000 common shares has been reserved for issue upon the exercise of options granted to non-executive directors of the Company and its subsidiaries.

Options are periodically granted to purchase common shares at prices not less than the market price of such shares at the grant date.

Stock options totalling 47,000 shares were exercised during the current year for cash of $124,350 which was credited to share capital.

Summary of stock options outstanding:

	1999	1998
Outstanding, beginning of year	398,000	264,000
Granted	147,000	180,000
Exercised	(47,000)	(46,000)
Cancelled	—	—
Outstanding, end of year	498,000	398,000
Earned and exercisable, end of year	305,000	230,000

1999			
Exercise price	Expiry date	Outstanding	Earned and Exercisable
Employee stock option plan			
$ 2.40	Oct 24, 2000	112,000	112,000
3.50	July 1, 2002	27,000	27,000
3.10	April 30, 2003	39,000	39,000
5.25	April 27, 2004	75,000	50,000
4.50	April 27, 2005	147,000	49,000
Non-executive directors' stock option plan			
$ 4.05	Oct 29, 2003	98,000	28,000
	December 31, 1999	498,000	305,000

1998			
Exercise price	Expiry date	Outstanding	Earned and Exercisable
Employee stock option plan			
$ 2.40	Oct 24, 2000	152,000	152,000
3.50	July 1, 2002	27,000	27,000
3.10	April 30, 2003	39,000	26,000
5.25	April 27, 2004	75,000	25,000
Non-executive directors' stock option plan			
$ 4.05	Oct 29, 2003	105,000	—
	December 31, 1998	398,000	230,000

The weighted average exercise price of the options that were earned and exercisable at December 31, 1999 was $3.54 (1998 - $2.92). The weighted average exercise price on all options outstanding at December 31, 1999 was $3.89 (1998 - $3.52).

10. Income taxes

	1999	1998
Current	$ 3,484,732	$ 2,324,149
Deferred (reduction)	(79,516)	(6,746)
	$ 3,405,216	$ 2,317,403

Income tax expense differs from the amount that would be computed by applying the Canadian federal and provincial statutory income tax rates of 40.6% (1998 – 40.9%) to earnings before income taxes. The reasons for the differences are as follows:

	1999	%
Tax computed at statutory rate	$ 3,893,167	40.6
Increase (decrease) resulting from:		
Loss carryforwards utilized	(274,894)	(2.9)
Lower effective tax rate on income of U.S. subsidiary	(165,422)	(1.7)
Equity in earnings of affiliate	(202,762)	(2.1)
Other	155,127	1.6
Income tax provision	$ 3,405,216	35.5

	1998	%
Tax computed at statutory rate	$ 2,896,725	40.9
Increase (decrease) resulting from:		
Loss carryforwards utilized	(398,467)	(5.6)
Lower effective tax rate on income of U.S. subsidiary	(129,141)	(1.8)
Other	(51,714)	(0.7)
Income tax provision	$ 2,317,403	32.8

11. Earnings per common share

Earnings per common share have been calculated using the weighted average number of common shares outstanding during the year of 9,356,539 (1998 – 9,412,656). Fully diluted earnings from operations per share have been computed on the basis that all of the stock options had been exercised. The 1998 earnings have been restated to reflect the above.

12. Contingent liabilities

In the normal course of business there is outstanding litigation for which the amount of settlement, if any, is not expected to have a material effect upon the Company.

13. Leases

The Company occupies office space under leases which expire between 2000 and 2007.

The minimum rentals payable under long-term operating leases, exclusive of certain operating costs and property taxes for which the Company and its subsidiaries are responsible, over the next five years and thereafter are as follows:

2000	$ 422,000
2001	452,000
2002	398,000
2003	174,000
2004	30,000
Thereafter	57,000
	$1,533,000

14. Segmented information

Management has determined that the Company operates in one dominant industry segment which involves providing factoring services to industrial and commercial enterprises in Canada and the United States.

1999 (in thousands)	Canada	United States	Consolidated
Identifiable assets	$ 23,374	$ 38,968	$ 62,342
Additions to capital assets, intangible assets and goodwill, net	224	95	319
Revenue	$ 14,557	$ 11,587	$ 26,144
Expenses			
Interest	647	1,049	1,696
General and administrative	7,468	5,167	12,635
Credit and loan losses	1,084	319	1,403
Amortization	340	480	820
Income taxes	1,676	1,730	3,406
	11,215	8,745	19,960
Net earnings	$ 3,342	$ 2,842	$ 6,184

1998 (in thousands) (restated)	Canada	United States	Consolidated
Identifiable assets	$ 10,842	$ 33,448	$ 44,290
Additions to capital assets, intangible assets and goodwill, net	484	1,381	1,865
Revenue	$ 12,660	$ 7,615	$ 20,275
Expenses			
Interest	250	243	493
General and administrative	7,479	3,570	11,049
Credit and loan losses	932	129	1,061
Amortization	270	320	590
Income taxes	1,037	1,280	2,317
	9,968	5,542	15,510
Net earnings	$ 2,692	$ 2,073	$ 4,765

ACCORD
FINANCIAL CORP.

Keeping Business Liquid

Corporate Information

Board of Directors

Ken Hitzig, Toronto, Ontario
Austin C. Beutel, Toronto, Ontario (1) (2)
John D. Lamont, Oakville, Ontario (1)
Robert J. Beutel, Toronto, Ontario
H. Thomas Beck, Toronto, Ontario (2)
Ben Evans, Stamford, Connecticut (1)
Frank D. White, Mount Royal, Quebec (1)

(1) Member of Audit Committee
(2) Member of Compensation Committee

Officers

Ken Hitzig, President
Gerald S. Levinson, Vice-President
Mark Perna, Vice-President
Jim Bates, Secretary
Robert J. Beutel, Assistant Secretary
Fred Fishman, Treasurer & Chief Financial Officer

Subsidiaries

Accord Business Credit Inc.
Mark Perna, President
Montcap Financial Corp.
Fred Moss, President
J.T.A. Factors, Inc.
Tina deBondt, President

Auditors

KPMG LLP

Legal Counsel

Stikeman, Elliott

Bankers

Bank of America
Bank of Nova Scotia
The Toronto-Dominion Bank
HSBC Bank Canada
National Bank of Canada

Stock Exchange Listing

Toronto Stock Exchange   Symbol ACD

Registrar & Transfer Agent

Montreal Trust Company, Toronto, Ontario

Annual Meeting

The Annual Meeting of Shareholders
will be held
Wednesday, May 17th, 2000
at 4:15 pm
at the Ontario Club, 5th floor
Commerce Court South,
Toronto, Ontario

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ACCORD FINANCIAL CORP.

77 Bloor Street West, Toronto, Ontario, Canada M5S 1M2

Tel: (416) 961-0007 Fax: (416) 961-9443

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